

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-205-C - ORDER NO. 92-699 ✓
SEPTEMBER 1, 1992

IN RE: Application of Alternate Communications) ORDER
Technology, Inc. for a Certificate of) GRANTING
Public Convenience and Necessity) CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Alternate Communications Technology, Inc. (ACT or or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications and alternate operator services in the State of South Carolina. ACT's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1991) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed ACT to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of ACT's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. ACT complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by

Southern Bell Telephone & Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on Tuesday, August 4, 1992, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Henry G. Yonce, presided. Frank R. Ellerbe, III, Esquire, represented ACT. Carl F. McIntosh, Esquire, represented the Consumer Advocate; Caroline N. Watson, Esquire, represented Southern Bell; and Marsha A. Ward, General Counsel, represented the Commission Staff.

At the beginning of the hearing, Southern Bell and ACT entered a stipulation between the two companies as Hearing Exhibit 1. In this stipulation, ACT and Southern Bell agreed as follows:

- (1) Any grant of authority should clearly be for interLATA services only.
- (2) If any intraLATA calls are "inadvertently" completed by the carrier, the carrier should reimburse the LEC pursuant to the Commission's Order in PSC Docket No. 86-187-C. The definition of such inadvertent completion is contained in such order.
- (3) All operator services should be only for interLATA calls and any "0+" or "0-" intraLATA calls should be handed off to the LEC.
- (4) Nothing in 1, 2, or 3 above shall prohibit Alternate Communications Technology, Inc. from offering any services authorized for resale by tariffs of facility based carriers approved by the Commission.

With the stipulation, Southern Bell declined to participate further in the proceedings.

ACT presented the testimony of H. William Orr in support of its Application. Mr. Orr explained ACT's request for certification

to operate as a reseller of interexchange telecommunications services in South Carolina. Orr explained that the Company presently wishes to resell the toll services of facilities-based carriers. ACT proposes to provide service over Feature Group D, Feature Group B, 800 Access Codes, Direct Dial (1+) Long Distance Message Telecommunications Services. ACT will offer its services to subscribers and their customers using ACT's Long Distance Operator Telecommunications Services. ACT will enter into an agreement to provide operator assisted long distance service for calls originating at ACT's client hotels, motels, hospitals, and public pay telephones. The operator services are provided by MCI, ConQuest Telecommunications Corporation of Dublin, Ohio, and One Call Communications/Opticom of Carmel, Indiana. Service is available on a full-time basis, 24-hours a day, seven days a week. Mr. Orr outlined ACT's financial qualifications, background, and technical capabilities.

After full consideration of the applicable laws and of the evidence presented by ACT, the Consumer Advocate, Southern Bell, and the Commission Staff, and after consideration of ACT's and Southern Bell's stipulation, the Commission hereby issues its findings of fact and conclusions of law.

FINDINGS OF FACT

1. ACT is incorporated under the laws of the State of Indiana and wishes to operate as a non-facilities based reseller of interexchange services on an interLATA basis in South Carolina. ACT also desires to offer alternate operator services.

2. ACT has the experience, capability, and financial resources to provide the services as described in its Application and through Orr's testimony at the hearing.

3. Southern Bell and other local exchange carriers (LECs) should be compensated for any unauthorized intraLATA calls completed through ACT's service arrangements.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a certificate of public convenience and necessity should be granted to ACT to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission.

2. That all intrastate intraLATA calls must be completed over intraLATA WATS, MTS, private and foreign exchange lines or any other service of facility based carriers approved for resale on an intraLATA basis. Any intraLATA calls not completed in this manner would be considered unauthorized traffic and the Company will be required to compensate LEC's for any unauthorized intraLATA calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

3. The Company shall block or switch to the local exchange company all 0+ and 0- intraLATA calls which are attempted over its network. Should ACT complete any unauthorized intrastate intraLATA

calls, the Company will be required to compensate the local exchange companies for the unauthorized calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

4. The Commission adopts a rate design for ACT for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate level with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communication Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts ACT's proposed maximum rate tariffs.

5. ACT shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. ACT shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of ACT's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1991).

6. The Commission also determines that ACT should be granted a Certificate of Public Convenience and Necessity to provide alternate operator services. In regard to fees for alternate operator services, ACT may not charge any more than the operator service rate charged by AT&T at the time the call is placed. In

addition, ACT shall be required to place "tent cards" near telephones in hotels, motels, and other business locations where its alternate operator services are being provided. These "tent cards" shall identify ACT as the alternate operator service provider and shall instruct the caller as to the means by which he can obtain rate information. Likewise, ACT shall place stickers with similar information on any pay telephones which utilize ACT's operator services.

7. ACT is allowed to incorporate in its tariff a surcharge for automated operator-assisted calls not to exceed \$1.00 for calls originated at hotels and motels and if such surcharge is requested by the customer (property owner). If such a charge is applied, it should be paid in its entirety to the customer by ACT. Additionally, if such charge is implemented, the amount of such charge should be included information pieces as required in paragraph 5.

8. ACT shall file its tariff as modified pursuant to representations made during the hearing and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order.

9. ACT is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

10. With regard to ACT resale of services, an end user should be able to access another interexchange carrier or operator service

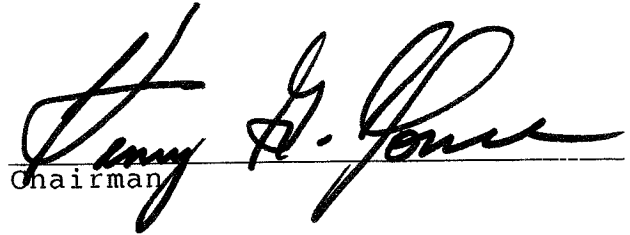
provider if they so desire.

11. ACT shall resell the services of only those interexchange carriers or LEC's authorized to do business in South Carolina by this Commission. If ACT changes underlying carriers, it shall notify the Commission in writing.

12. ACT shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director
(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).